The most promising phase in our history

ANNUAL REPORT
1999

Alimentation
Couche-Tard

1980 - 1999

Innovation • Expansion Dynamic Growth

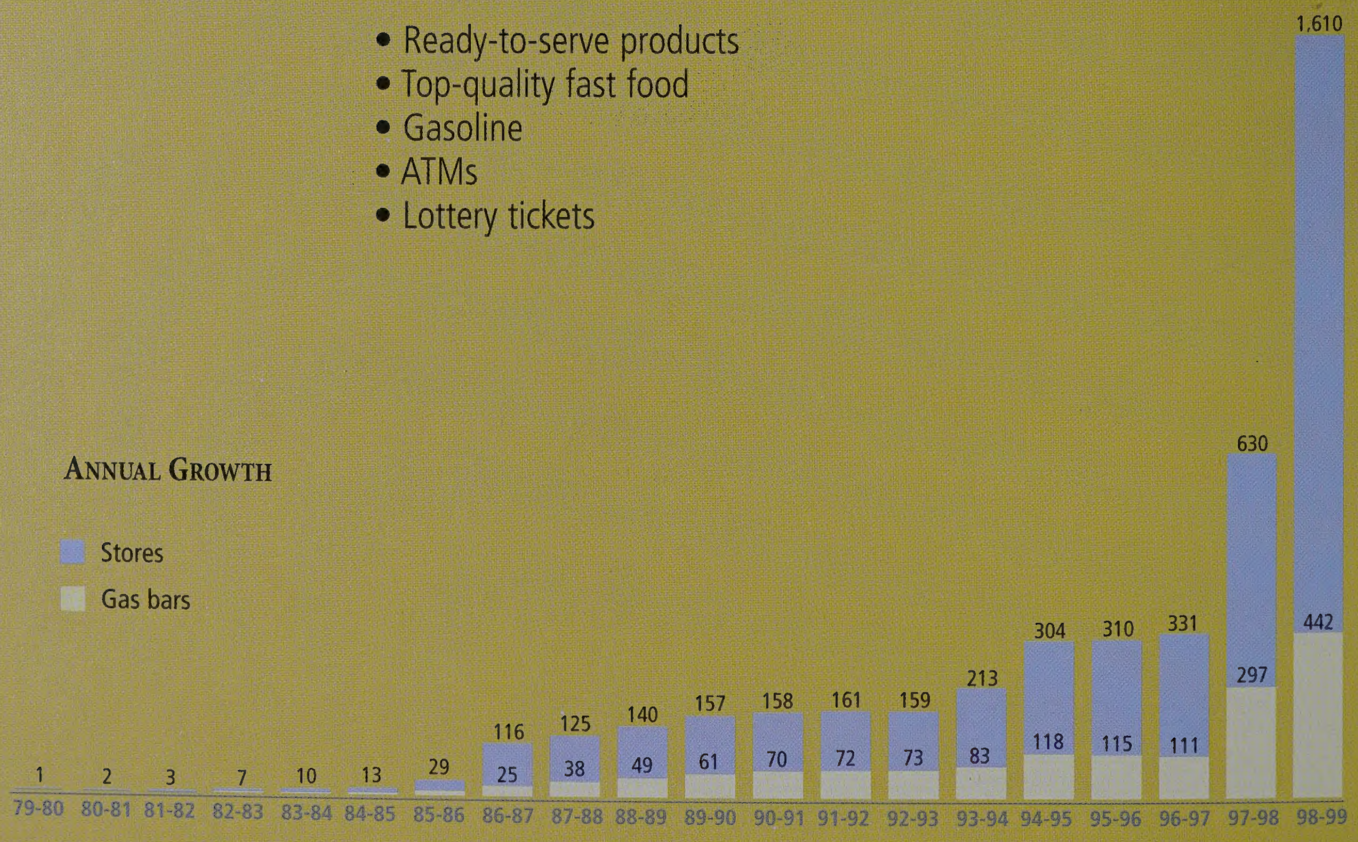
*From a single corner store...
to a one-of-a-kind convenience retailer
across Canada*

11,500 PEOPLE WORKING
AT HEAD OFFICE AND IN THE NETWORK

1,610 STORES

An original, evolving concept

- Ready-to-serve products
- Top-quality fast food
- Gasoline
- ATMs
- Lottery tickets



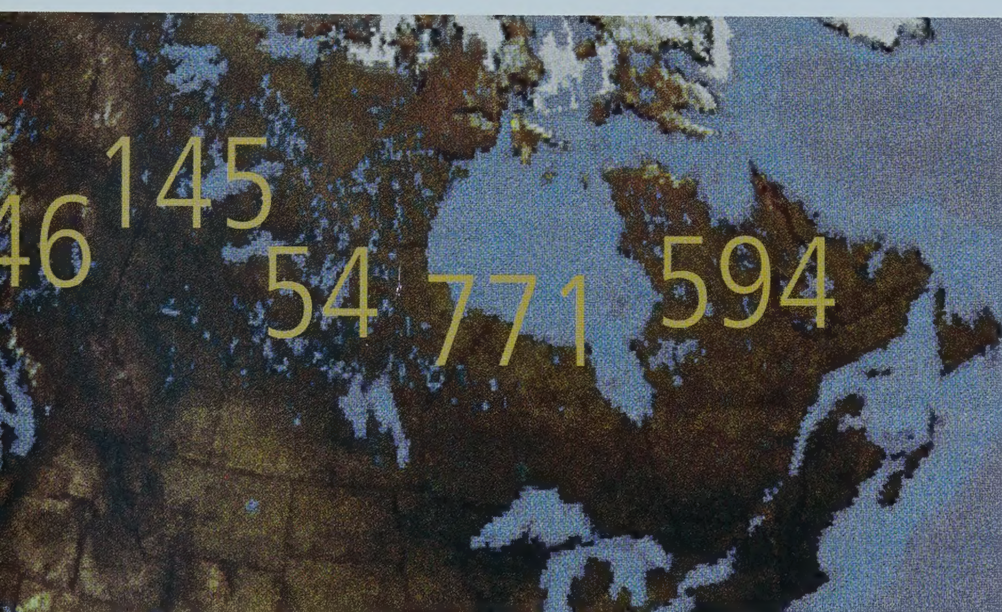
Couche-Tard

An agent for change

in the Canadian convenience store industry
and now

the leading company

after joining forces with Silcorp Ltd.,
on April 16, 1999



Number of stores including franchises and affiliates

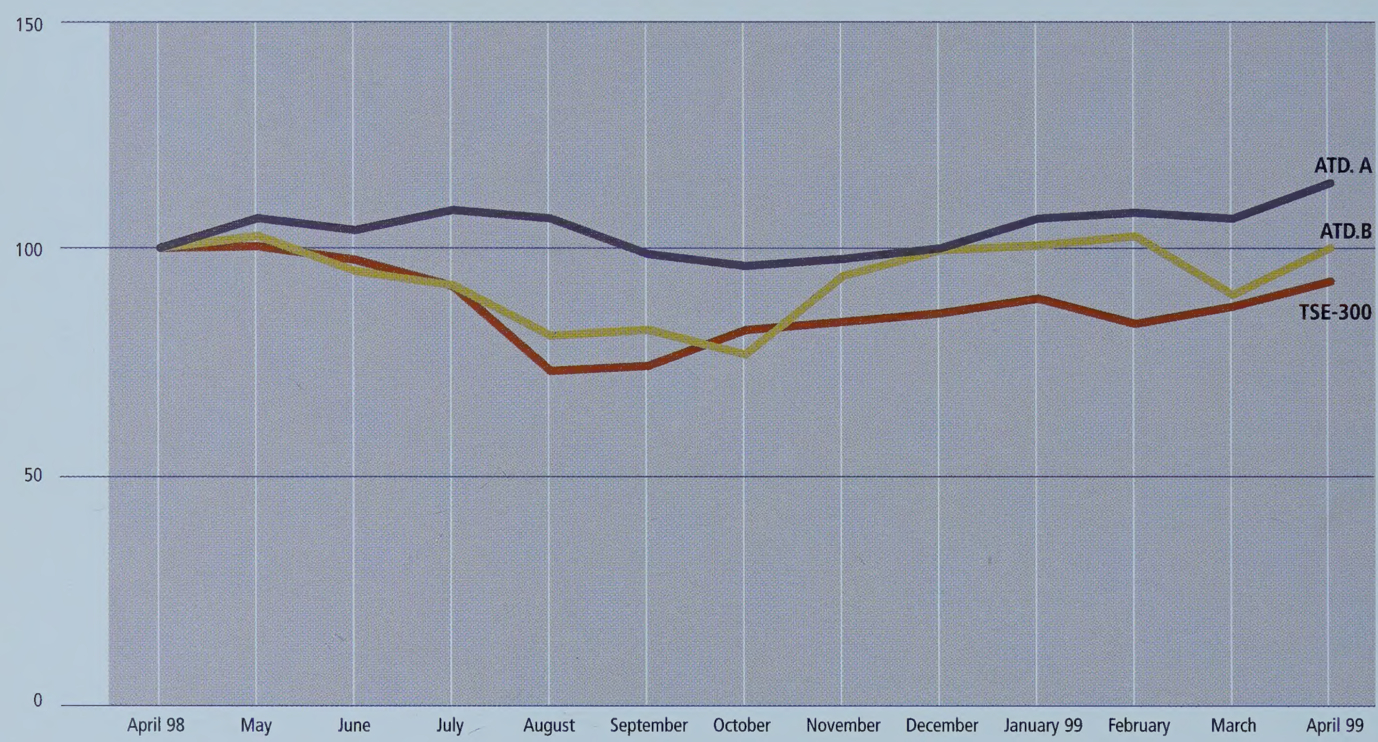
The largest independent retailer of petroleum products in Canada

No. 10 in the convenience store industry in North America

Stock Information

STOCK INFORMATION

COMPARATIVE YIELD OF ATD.A • ATD.B SHARES • TSE-300
APRIL 1998 TO APRIL 1999
100 = April 1998



STOCK PERFORMANCE
As at April 26, 1999

Share liquidity index		
	ATD.A:	0.06
	ATD.B:	0.27
Price/book value		
	ATD.A:	2.18:1
	ATD.B:	1.93:1
Price/cash flow		
	ATD.A:	12.94:1
	ATD.B:	11.47:1
Price/earnings (fully diluted)		
	ATD.A:	27.85:1
	ATD.B:	24.68:1

SHARES OUTSTANDING
As at April 26, 1999

Public float		
	ATD.A:	527,182
	ATD.B:	10,697,158
Total		
	ATD.A:	7,156,597
	ATD.B:	11,081,278

SHARE PRICE AND TRADING VOLUME

ATD.A		
	High/low:	$23.25/$17.25
	Trading volume:	31,796 shares
ATD.B		
	High/low:	$20.30/$14.00
	Trading volume:	2,891,421 shares

MARKET CAPITALIZATION

As at April 26,1999	*As at April 26, 1998*
ATD.A: $157.4 million	ATD.A: $137.8 million
ATD.B: $216.1 million	ATD.B: $115.0 million

SHARE PRICE AS AT APRIL 26, 1999
ATD.A: $22.00
ATD.B: $19.50

BOOK VALUE
As at April 25, 1999: $10.08

Financial Highlights

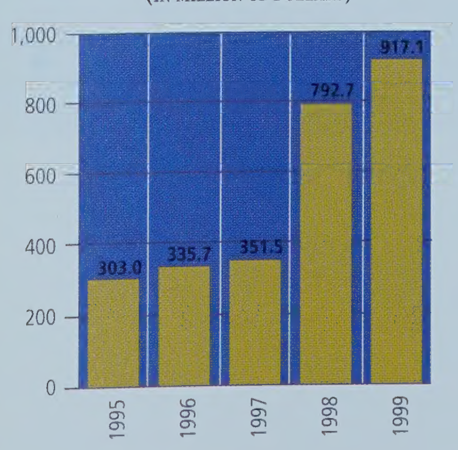
F I N A N C I A L   H I G H L I G H T S

Year ended April 25, 1999
(in thousands of dollars, except per-share amounts and ratios)

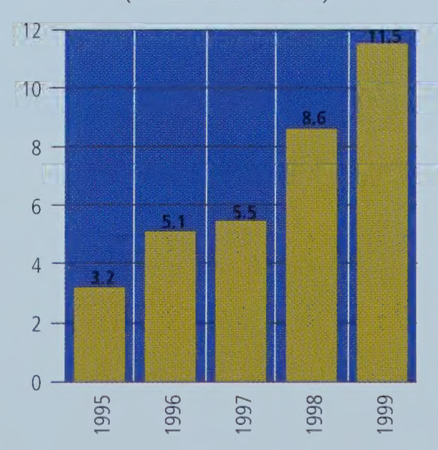
	1999	1998	1997	1996	1995
CONSOLIDATED RESULTS					
Revenues	**$917,068**	$792,656	$351,543	$335,667	$302,982
Net earnings	**11,480**	8,599	5,463	5,079	3,223
Cash flow from operations	**23,549**	20,369	8,789	8,631	6,554
PER SHARE					
Earnings					
Basic	**0.83**	0.75	0.50	0.51	0.42
Fully diluted	**0.79**	0.69	0.47	0.47	0.41
Cash flow from operations	**1.70**	1.77	0.81	0.87	0.85
FINANCIAL POSITION					
Total assets	**513,034**	203,020	70,242	66,712	57,864
Working capital	**89**	3,308	3,386	1,049	(389)
Fixed assets	**175,413**	94,380	37,865	36,551	31,471
Long-term debt	**185,931**	63,773	7,176	8,838	16,751
Shareholders' equity	**184,480**	92,993	41,515	33,846	19,390
RATIOS					
Long-term debt/equity	**1.01:1**	0.69:1	0.17:1	0.26:1	0.86:1
Interest-bearing debt/total capitalization	**0.51:1**	0.44:1	0.22:1	0.27:1	0.49:1
Return on average equity	**11.5%**	15.5%	14.3%	16.7%	19.1%

Note: Silcorp Ltd. was acquired on April 16, 1999, and, as a result the consolidated revenues, earnings and cash flows presented in these statements are those of Couche-Tard only. However, the balance sheets of Couche-Tard and Silcorp were consolidated as at April 25, 1999, and the balance sheet items and ratios reflect the financial position of the new Couche-Tard organization at the end of the fiscal year.

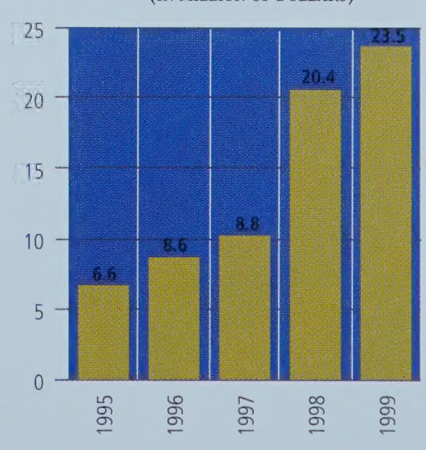
REVENUES
(IN MILLION OF DOLLARS)



NET EARNINGS
(IN MILLION OF DOLLARS)



CASH FLOW FROM OPERATIONS
(IN MILLION OF DOLLARS)



Message to Shareholders

MESSAGE TO SHAREHOLDERS

Dynamic national expansion, a solid financial performance and the implementation of the Strategy 2000 business concept made 1998-1999 a pivotal year for Couche-Tard, setting the stage for new growth.

The past six years have given rise to four acquisitions, all of which have helped position Couche-Tard as the leader in its industry. Our team's ability to innovate and to ensure high-quality management and service, combined with the impact of our aggressive expansion, have led to seven-fold growth in our store network and a ten-fold increase in sales (including Silcorp). This sustained performance has been reflected in the price of our shares, which have generated a solid yield.

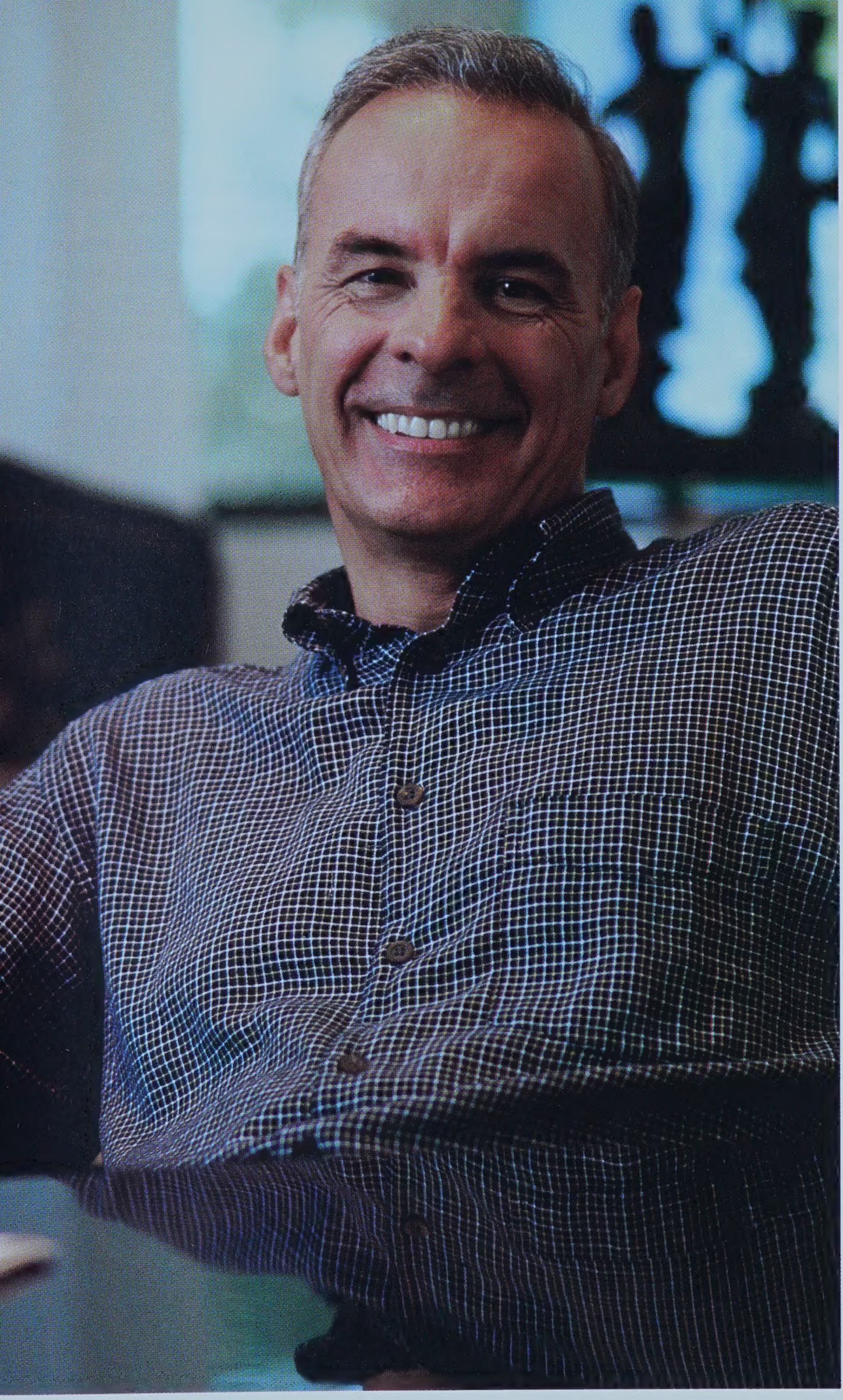
The April 1999 acquisition of Silcorp Ltd. made Couche-Tard the only national convenience store chain, the industry leader in Canada and one of the ten largest convenience retailers in North America. The synergies are numerous, as was the case for previous acquisitions. These synergies pave the way for even more profitable and sustainable growth based on our critical mass, our ability to integrate acquisitions efficiently, and the compatibility between the two organizations that have joined forces. The appeal of this acquisition lies as much in the market position and broad reach it gives us, as in its significance as a driving force for future growth. The acquisition of Silcorp marks a major step forward and has opened up the most promising phase in our history.

NET EARNINGS INCREASED BY MORE THAN 33%, WHILE SALES AND CASH FLOW FROM OPERATIONS ROSE NEARLY 16%.

We have every reason to be satisfied with the year's results, (which do not include the results of Silcorp Ltd., acquired on April 16). Net earnings rose 33.5% to $11.5 million on sales of $917,1 million, which were up 15.7%. Cash flow from operations amounted to $23.5 million, an increase of 15.6%. These gains resulted from the development of synergies following the full integration of C-Corp, acquired in May 1997, competitive pricing in our main product categories, debt reduction and tight control of operating costs.

THE STRATEGY 2000 BUSINESS CONCEPT, GEARED TO CUSTOMER SATISFACTION AND ORGANIZATIONAL EFFICIENCY, WILL DRIVE OUR FUTURE GROWTH.

Strategy 2000 is more than a store renovation program: it is an adaptable business concept that will set us apart from traditional convenience stores by offering to our increasingly diversified customer base just the right selection of convenience products and services, seven days a week and even 24 hours a day in most areas. This concept is based on a study of consumer trends and on our micro-market approach, which keeps us abreast of consumer needs. The aim is to improve our profit margins and enhance the development of Couche-Tard stores so that they will always be the most practical, pleasant and cost-effective solution to consumers' convenience needs.



"One of the assumptions of the acquisition of Silcorp related to economies of scale. Our initial objective in this regard was an annualized savings of $10 million over two years, including $7 million the first year. Not only will we achieve this goal, but we will exceed it on the strength of the increased buying power afforded by our new size and the elimination of duplicate head office functions. We could end the first year of integration with revenues of about $1.6 billion and strong growth in profits."

Alain Bouchard
Chairman of the Board,
President and Chief Executive Officer

The Strategy 2000 approach involves constantly adjusting selection, prices, promotions and distribution in order to maintain our edge in a highly competitive market. While adapting our product offering to the local markets we serve, we also anticipate changes in consumer habits, such as trends in home meal replacement, convenience foods, fresh products and health foods. We have responded to these trends with high-quality fast food, fresh daily items, and meals prepared on site or in our central kitchen. All indications are that these high-quality, economical products and services will be in great demand and will generate significant profits. During the year, we began implementing the concept in some 30 outlets, where it was very well received and yielded encouraging results.

To be fully effective, Strategy 2000 includes continuous personnel training, to which we allocate 3% to 4% of our total annual payroll. It also depends on advanced information technology and powerful analysis tools, both at head office and in stores. Accordingly, we will continue to devote certain of our resources to technology and logistics in the next few years. Our management information system already gives us a strategic advantage with our customers and suppliers. We expect the implementation of Strategy 2000 to require an annual outlay of some $20 million in the coming years.

As we integrate Silcorp Ltd., Canada's largest convenience store chain, we are paving the way for future expansion.

For the next few months, we will continue to focus on integrating Silcorp. This major acquisition will necessarily bring about radical changes requiring commitment and creativity from all our teams. As soon as the transaction closed, we initiated exchanges at various levels, and everything is proceeding efficiently so that we can consolidate the organization as soon as possible. We are pleased to note the compatibility of our visions, methods, strategies and cultures. Our many shared values indicate that this is a natural union with a promising future. We can already see that these similarities will be a positive factor as we integrate our operations and optimize our synergies.

We intend to develop our three markets simultaneously by acquiring individual stores or networks or building new stores. Although Quebec and Ontario are more mature markets, they still hold excellent opportunities for expansion. Western Canada has strong potential which we intend to tap into during the next five years, with a view to doubling our store network in that region and ensuring a leading position in all our markets.

At the same time, we will continue to expand our gas bar service, now available at over 400 of our locations. Our long-term objective is to offer this service in at least 50% of our network. We plan to achieve this through strategic partnerships at the regional or national level.

Our expansion strategy has also led us to study the American market, where we would like to make an acquisition within the next two years. The Western U.S. region has much in common with Western Canada, and we believe that initially we could benefit by positioning ourselves through the acquisition of a small or medium-sized network. In the longer term, we intend to pursue our penetration of the U.S. market while seeking partnerships outside of North America.

WITH THE ADDITION OF NEW EXPERTISE, WE HAVE ENHANCED OUR KNOW-HOW WITH A VIEW TO MEETING THE CHALLENGES OF FUTURE GROWTH.

We are pleased to welcome the Silcorp team, which has expanded our wealth of skills and expertise. The pooling of our know-how and ideas will surely lead to even more rewarding innovations. A review of our structure based on geographical markets resulted in the appointment and promotion of officers from both organizations in order to ensure decentralized, expert management of operations. We are grateful to all of them for their commitment to the challenges of integration and growth.

A number of changes were also made to the Board of Directors. We would like to thank Paul Gobeil, who has left the Board after using his vast experience to help guide the Company since 1991. We are also grateful to Yvan Bussières for his esteemed contribution as a Director since 1996. Having agreed to pilot the development and implementation of our distribution infrastructure over the coming years, Mr. Bussières has resigned from the Board to become Vice-President, Distribution, a function that will benefit from his many years of experience in the food industry. The Board extends a warm welcome to Jean Élie, Managing Director, Large Corporations and Investment Bank, Société Générale (CANADA). His insight and advice will be of invaluable assistance in meeting the challenges of our new growth.

We are especially proud of our teams and the loyalty they have shown toward the Company. It is to the credit of our team members at head office and in our stores that Alimentation Couche-Tard has become the industry leader in Canada and has recently received some prestigious honours, including 1999 Company of the Year from the Quebec business weekly *Les Affaires* and 1998 Entrepreneur of the Year. As often as possible, managers go out into the field and take note of employee achievements as a source of practical knowledge.

We owe a debt of gratitude to our directors for their wise counsel in a time of important decisions, as well as to our suppliers, customers and shareholders. An exciting and promising future lies ahead for Alimentation Couche-Tard.

Alain Bouchard

Chairman of the Board,
President and Chief Executive Officer

Review of Operations

REVIEW OF OPERATIONS

After acquiring Silcorp Ltd., Couche-Tard reorganized its operations into three geographical markets: Eastern, Central and Western Canada. It also laid the groundwork for an advanced distribution infrastructure and set up a decentralized management system. In this section, our executives describe their main projects and objectives for fiscal 1999-2000.

Réal Plourde

Q. **How do you view the integration of Silcorp, Canada's largest convenience store chain?**

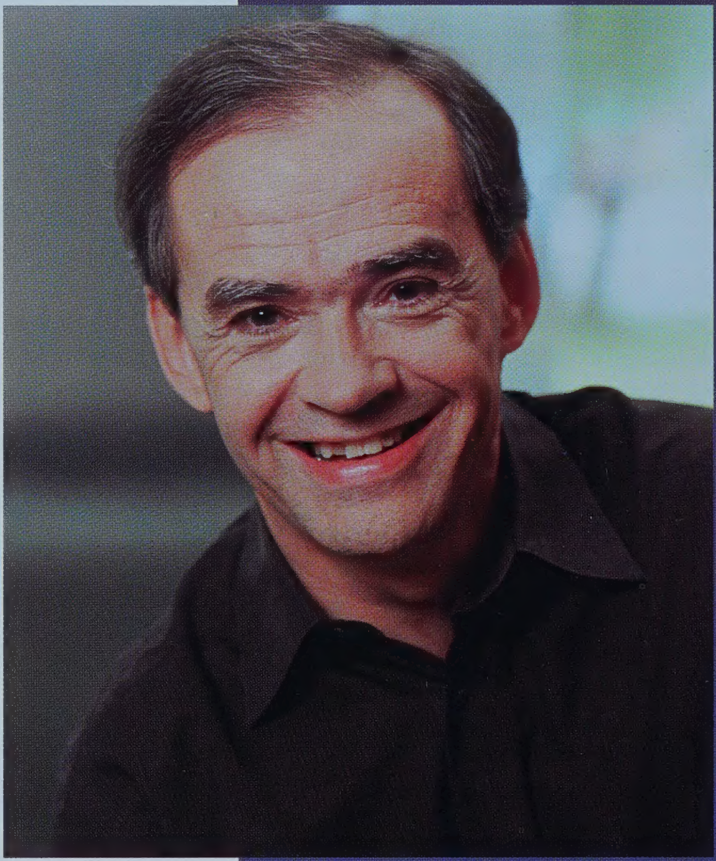
Couche-Tard and Silcorp are two strong, profitable companies with very similar cultures. Both have traditionally been innovators. Our shared values are a major advantage that will promote rapid integration, and our differences are a source of innovative strengths. In Eastern Canada, we will adopt the best ideas used in Central and Western Canada, and vice versa.

Our unifying themes are customer satisfaction, profitability, synergies, the exchange of ideas, solutions and know-how, decentralized management and cohesiveness. I want to emphasize that we intend to speed up the process through cooperation and informal exchanges at all levels, both on a regular and an as-needed basis.

To mould the new organization into a highly efficient business, we have a consolidation plan that leaves nothing to chance. Within two years we will see the full commercial and financial benefits of the integration.

In charge of each of our three markets we have excellent management which is given a free hand. While our management style favours decentralization, we are still very concerned with maintaining optimum cohesiveness.

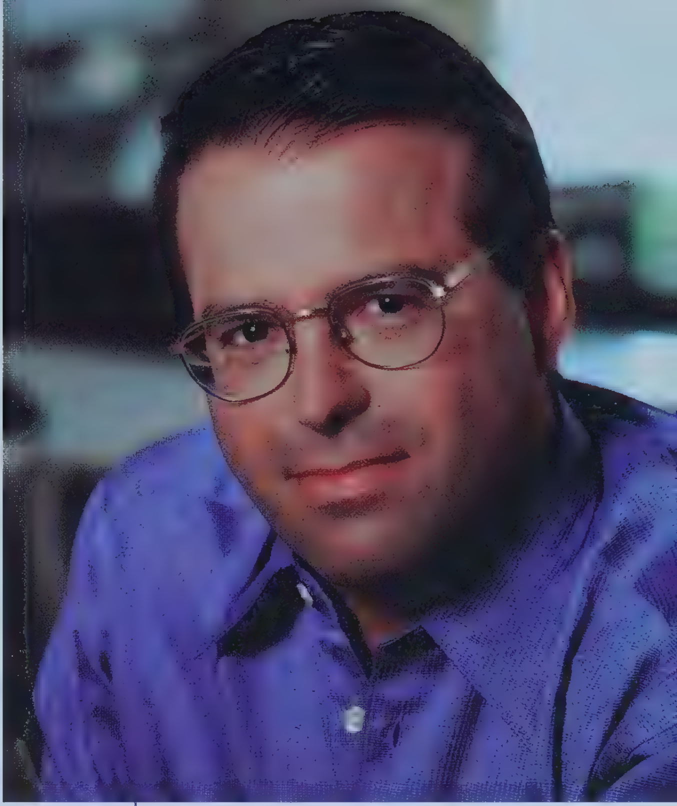
Stéphane Gonthier, our dynamic and skillful executive responsible for Eastern Canada, worked closely on the development of our Strategy 2000 concept.



Réal Plourde
Executive
Vice-President and
Chief Operating Officer

David Rodgers, who runs the Central Canada division with a thorough knowledge of the market and operations, encourages his team to innovate around the Store 2000 project, which shares many of the features of the Couche-Tard concept. Kim Trowbridge, who manages operations in Western Canada, has a proven flair for profitable innovation as witnessed by the success of Store 2000. In addition, Kim is in charge of a market that is expected to grow dramatically in the next few years.

As for me, I have enlisted several other managers to help me conduct a benchmarking program for an exhaustive review of our working methods and business agreements. This should generate considerable economies of scale over the next five years, not to mention the long-term added value that will be generated by our new practices.



STÉPHANE GONTHIER
VICE-PRESIDENT,
EASTERN CANADA OPERATIONS
AND SECRETARY

STÉPHANE GONTHIER

Q IN ADDITION TO HEADING THE EASTERN DIVISION, YOU PLAYED A KEY ROLE IN DESIGNING AND IMPLEMENTING STRATEGY 2000. CAN YOU EXPLAIN THIS CONCEPT?

As new players enter the market and conventional grocery stores extend their operating hours, competition grows fiercer. In response, we have adopted business plans resolutely focused on innovation, flexibility, the exchange of successful ideas, effectiveness and efficiency.

Our success depends on generating maximum profits while offering consumers the best possible selection under the best conditions. We do this by adding value to our products and services to distinguish them from the traditional selection found in a typical convenience store. With Strategy 2000, our objective, more than ever, is to redefine the very purpose of the convenience store.

Our stores will become the place to go for a unique shopping experience. Each component in the marketing mix (products, prices, promotions and the store itself) will be reviewed, and the entire Eastern Canada team is participating in the project.

Although the results achieved to date are in line with our objectives, we have made a commitment to continuous improvement. We want to protect our competitive edge over the long term. That is why we intend to remain proactive and stay ahead of the competition by constantly adapting our concept.

As head of the Eastern Division, I want to acknowledge the excellent work of our managers and employees throughout the year.

Upcoming projects include:

- converting or building 80 stores according to our new concept;
- standardizing the Dépan-E$compte and Provi-Soir banners;
- installing state-of-the-art ATMs in most of our stores on a partnership basis;
- optimizing our product selection, pricing and promotions based on our strategic approach; and
- exchanging successful ideas with our colleagues in Central and Western Canada.

We are confident that we will meet the challenges of the next fiscal year and achieve our objectives.

David Rodgers
Vice-President,
Central Canada Operations

David Rodgers

Q Given Silcorp's strengths in Ontario, what are your division's short and medium-term objectives, and what role will you be playing in the integration in the coming months?

In Ontario, our network of 634* Mac's, Becker's, Mike's Mart and Winks stores, including 96 gas bars, allows us to meet the needs of consumers in very diverse markets. Our real strength, however, lies in our store operators and in the expertise of our human resources in operations management, accounting, information technology and real estate. In addition, the successful integration of Becker's during the past two years has given us much broader market penetration as well as operating efficiencies.

In the short term, our key projects are the continued expansion of food service offerings, including the 1999 launch of our own coffee brand, Sunshine Joe, and fresh sandwich tests with companies such as Druxies and Cara. We intend to expand our branded strategy, which currently includes several Subways as well as Pizza Hut, Taco Bell, KFC, Chester Fried Chicken and Second Cup. Eight new branded locations are planned for 1999.

* Without affiliates

We want to develop the home meal replacement market and are currently testing a line of frozen entrees under a well-known brand name. We are also developing our own frozen carbonated beverage program called Frosters.

In 1999, we will complete 65 Store 2000 renovations. Our expansion plan includes the acquisition of four existing stores and the opening of 10 new locations.

Over the longer term, our key priorities are to expand our gas bar presence through acquisitions or alliances with oil companies, pursue the Store 2000 project at a rate of about 60 stores per year, standardize the existing four banners under the Mac's brand, and expand our affiliated store division under the Daisy Mart brand.

The success of the integration is of particular concern to us given the size of the Ontario store base. Our teams are participating with enthusiasm and professionalism. The passion and knowledge of the business are seen daily throughout the Couche-Tard organization. This means that replies to questions and requests are very rapid, enabling us to focus directly on strategic issues.

Kim Trowbridge

Q — For 1999-2000, what are the projects and objectives for the Western Canada Division, which serves a high-potential market?

As we accelerate the implementation of our Store 2000 concept throughout Western Canada, our stores are becoming more and more distinctive.

All the stores are designed to appeal directly to their immediate market area, which result in individual differences in the interior design and offerings. Many feature hot and cold food prepared on site, from sandwiches to complete meals. Food is a major focus, since it is both profitable and very much appreciated by our customers. It also enables us to set our sights on capturing a share of the burgeoning home meal replacement niche.

Visiting a Store 2000 in Western Canada is a unique experience. We have incorporated complete food services featuring coffee, health food, lounge areas and top-quality brands, all under one roof, offering our customers a range of choices not found in competitors' stores.

Kim Trowbridge
Vice-President,
Western Canada
Operations

The year is off to a good start and we are confident that we can achieve our objectives for 1999-2000. Along with the continued rollout of the still-evolving Store 2000 concept, our focus is new site development. We are constantly on the lookout for single outlet and small chain acquisitions as well as locations for new construction, and we expect to add about 25 stores to our network during fiscal 1999-2000. Our goal is to pick up the pace of development in the coming years in order to grow by more than 50 stores annually.

We are working jointly with all members of our team. We have created a unique Human Resource Development Program called RAP, which will improve our customers' shopping experience dramatically through the year 2000 and beyond. We believe that this program will be a source of inspiration.

We are proud to be part of Canada's leading team in the industry and are working hard to facilitate the integration. We appreciate the depth of the Couche-Tard team, as well as its expertise as a network developer and acquisition integrator. These qualities should help ensure that we achieve our growth objectives.

British Columbia has great potential and is expected to begin recovering soon, and Alberta is a very active market with large, rapidly growing populations and booming economies. Both provinces have excellent potential for expansion. Our No. 1 goal is to become the largest and most profitable convenience retailer in Western Canada, with unrivaled quality of service.

Jacques D'Amours

In light of Couche-Tard's expansion strategy and the development of the Strategy 2000 concept, what are your priority objectives for 1999-2000?

Our tasks include protecting real estate, ensuring security, cutting rental costs, providing technical services and developing internal store controls. More concretely, we assume these responsibilities by managing our 250 owned properties, most of which are in Eastern Canada, as well as our 1,350 store leases. We have developed and installed a high performance security system throughout the network. This system is designed, first of all, to ensure optimum security of all store employees and customers, and second, to monitor equipment operation. We make sure the system is as effective as possible, always using the latest technology. In addition, we are responsible for deploying an internal control plan throughout the network.

Technical services are an important part of our operations. They include maintaining all stores in the network to keep them in top operating condition. All projects involving construction, site layout or installation of gas tanks are conducted in strict compliance with environmental protection standards. During the year, we continued converting the Dépan-E$compte stores into Couche-Tard outlets. Conversion of the Provi-Soir stores will be completed in 1999-2000.

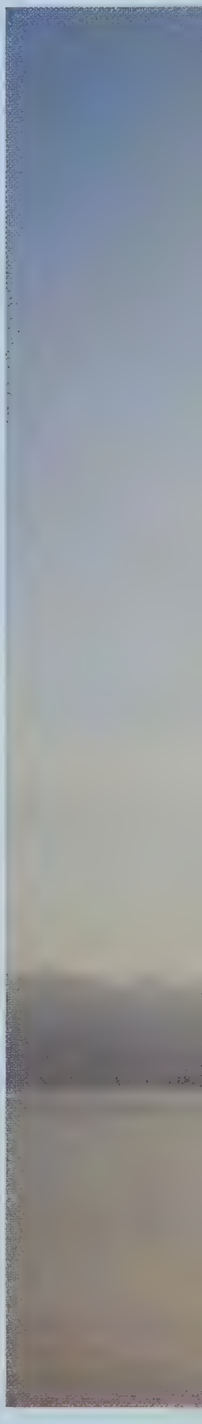
Peter Flach

What are your development priorities for 1999-2000?

Couche-Tard has a track record of aggressive and dynamic expansion. Our task is to sustain this trend in Canada and beyond. This entails working closely with regulatory authorities to protect and enhance key segments of our business, such as tobacco, beer and wine outside Quebec and gasoline.

We must also maintain our competitive edge and consolidate our position in North America. With this in mind, our main strategies will include acquisitions, continuous innovation, alliances and partnerships.

In 1999-2000, we will support the three divisions' growth and expansion targets by seeking out and facilitating the acquisitions that best fit their objectives, as well as regional or national partnerships to develop our gas bar network. This will require in-depth knowledge of our industry and its opportunities, as well as excellent business relations throughout our territory and in areas where we wish to locate.



YVAN BUSSIÈRES

Q. YOU WERE APPOINTED TO YOUR PRESENT POSITION IN MAY 1999. WHAT DOES DEVELOPING AND SETTING UP A DISTRIBUTION SYSTEM MEAN FOR A CHAIN SUCH AS COUCHE-TARD?

Until the beginning of 2002, in addition to a number of direct suppliers, Métro-Richelieu will be our supplier for the Couche-Tard banner in Eastern Canada and Provigo will supply the Provi-Soir stores. In Central Canada, we operate our own distribution centres through our Northmar division, which supplies our stores with tobacco products, candy counter items, etc. Our stores in Western Canada are supplied by conventional wholesalers.

Our current project aims to create a distribution infrastructure based on the most efficient and cost-effective industry practices, in order to ensure supplies of both fresh products and dry goods throughout our existing network and in future stores across Canada.

We have two main objectives:

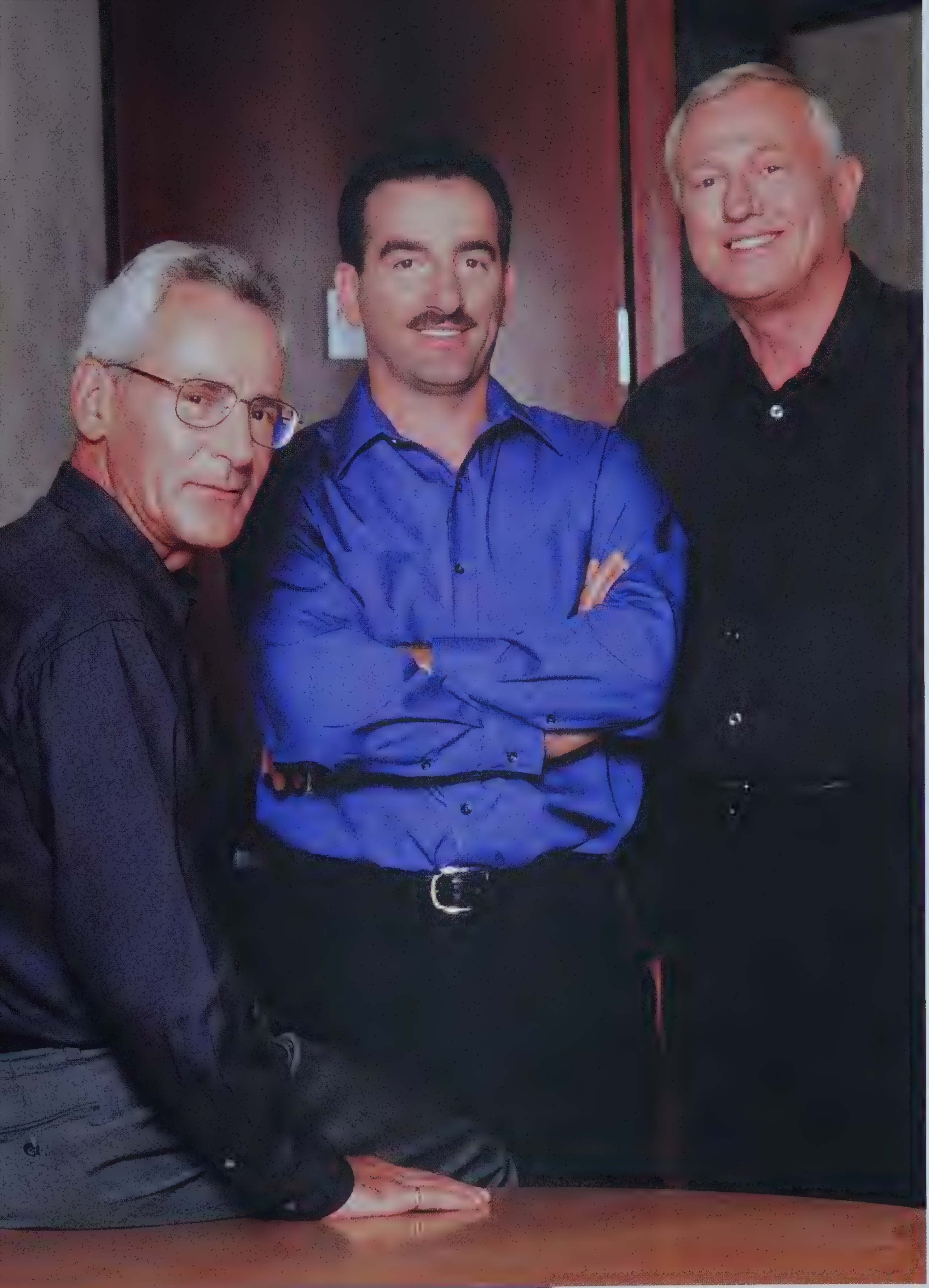
- reduce distribution costs – including warehousing, handling and shipping – as well as operating costs; and
- improve store productivity while ensuring flexibility of our supply sources and distribution modes.

To achieve these objectives, we must develop a strategy that will effectively support in-store offerings and improve the quality of service and productivity by keeping inventories at an optimum level and by reducing merchandise receiving costs.

We are currently studying several options, one of which is to build and operate our own multifunction distribution centres equipped with cross-docks. Although this option would require a large capital outlay, it would offers much in the way of flexibility, effectiveness and long-term efficiency.

We are also looking into the possibility of outsourcing the warehousing, distribution and shipping functions while maintaining control over purchasing. Another option might be to form a partnership with one or more conventional wholesalers, or to acquire a distribution division from a wholesaler. In the latter case, we would become the supplier for other small food stores.

Finally, we must adapt our distribution strategies to our markets, and they may well differ from one market to the next. Our study of this question is progressing as planned, and we expect to make a decision in the fall of 1999.



From left to right:

Yvan Bussières
Vice-President,
Distribution

Jacques D'Amours
Vice-President,
Administration

Peter Flach
Vice-President,
Business Development

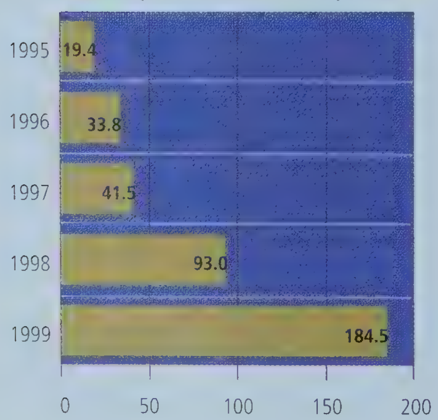
Management's Discussion and Analysis of Operating Results and Financial Position

The fiscal year ended April 25, 1999 was marked by solid growth in Couche-Tard's results and its most important acquisition ever: the purchase of 98.27% of the outstanding shares of Silcorp Ltd. as at April 16, 1999 following a takeover bid. On June 2, 1999, Couche-Tard acquired the remaining shares of Silcorp, the largest chain of convenience stores in Canada. Given the acquisition date, the financial statements appearing in Couche-Tard's 1999 annual report reflect Silcorp's balance sheet items and goodwill, but do not include its statement of earnings.

Financial Results

During fiscal 1998-1999, Couche-Tard recorded a 15.7% increase in **sales**, which rose to $917.1 million, compared with $792.7 million for the year ended April 26, 1998. The principal factors underlying this growth were the effects of its price strategy in a number of major product categories, the increase in sales of tobacco products subsequent to their removal from Quebec drugstores, and the complete integration of C-Corp whose 295 stores were acquired in May 1997. As at April 25, 1999, excluding Silcorp, and after accounting for 18 store openings and 12 closings during the year, the Couche-Tard network consisted of 636 stores: 97 affiliates, 46 franchises and 493 corporate outlets. Stores forming part of the network for over two years achieved sales growth of 7.4%. Sales at gas bars forming part of the network for over two years increased by approximately 2% in terms of volume pumped. As at April 25, 1999, excluding Silcorp, the Couche-Tard network included 307 gas bars, compared with 297 at the end of the previous year.

SHAREHOLDERS' EQUITY
(IN MILLION OF DOLLARS)



Operating income (EBITDA) rose 9.2% to $34.0 million from $31.1 million for the year ended April 26, 1998. The operating margin was 3.7%, versus 3.9% for the previous year. This slight decline was due to the price strategy adopted in several categories, including some tobacco products, in order to increase the customer base at the major turning point for the network – the implementation of Strategy 2000 concept. Couche-Tard is implementing its Strategy 2000 concept focused on an evolving product mix that includes fresh products such as sandwiches, fresh bread, coffee, muffins, pastries and other foods prepared on site or in a central kitchen. This new selection should improve profit margins as it is introduced in stores. During the year, 30 sites were successfully converted to this new concept. The Company also maintained tight control over operating costs throughout the year.

Earnings before income taxes rose to $19.5 million, up 24.1% over $15.7 million for the previous year. This growth was fueled by the increase in operating income and a 27.1% decrease in financial expenses which resulted from a $38 million repayment of long-term debt following the share issue in March 1998.

Net earnings grew by 33.5%, climbing to $11.5 million from $8.6 million in 1998. This increase was due to the above factors, combined with a reduction in the effective tax rate. **Earnings per share** (basic) rose 10.7% to $0.83 (13,891,331 shares), compared with $0.75 (11,526,754 shares) for the year ended April 26, 1998. Fully diluted earnings per share rose 14.5% to $0.79 (14,950,228 shares), compared with $0.69 (12,928,896 shares) one year earlier. **Return on average equity** stood at 11.5%.

Principal Changes in Financial Position

Cash flow from operations grew by 15.6% to reach $23.5 million or $1.70 per share ($1.58 fully diluted), compared with $20.4 million or $1.77 per share ($1.58 fully diluted) for the previous year. This growth was due mainly to the increase in net earnings. Changes in working capital items provided additional cash resources of $8.9 million. Operations therefore provided total cash resources of $32.5 million, as opposed to $15.7 million for the previous year.

Financing activities provided cash resources of $116.9 million during the year, after accounting for $163.2 million in long-term loans and $67.6 million in loan repayments. An amount of $20.2 million deposited in trust at the time of the March 1998 share issue was freed up on July 3, 1998, and applied as a partial repayment of debt.

During the year, **investments** required cash resources of $148.0 million, including a cash consideration of $123.8 million for the acquisition of 98.27% of the outstanding shares of Silcorp Ltd. as at April 16, 1999. The remaining shares were acquired on June 2, 1999, and required an additional cash outlay of approximately $2.3 million. The Company also invested $20.9 million in fixed assets to acquire or build 18 stores, implement the Strategy 2000 concept in 30 outlets, and replace gas tanks and miscellaneous equipment in stores.

In addition to providing for funding requirements over the past year, operations and financing activities increased the cash position by $1.4 million. After accounting for this cash and the assumption of $7.2 million in bank indebtedness when it acquired Silcorp, the Company had bank indebtedness of $6.4 million at the end of the fiscal year.

From left to right:

Richard Fortin
Executive Vice-President and Chief Financial Officer

Dale Pettit
Vice-President and Treasurer

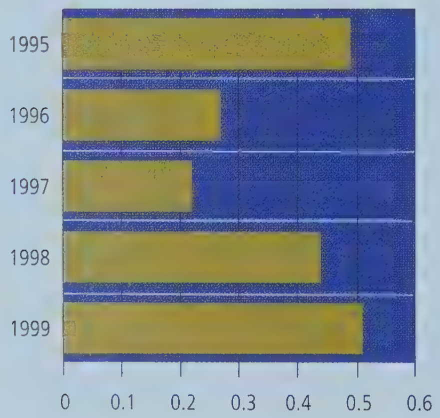
Financial Position

Subsequent to the acquisition of Silcorp, Couche-Tard maintained a solid financial position. Major changes in balance sheet items, more specifically accounts receivable, inventories, fixed assets, accounts payable and accrued liabilities, were due mainly to the consolidation of Silcorp's balance sheet.

Goodwill at amortized cost grew by $154.7 million to reach $193.3 million as at April 25, 1999. Following the acquisition of Silcorp, Couche-Tard made an assessment of the assets acquired and liabilities assumed. However, the assessment was only preliminary since the transaction was concluded very close to year-end. Goodwill of $153.8 million was recorded, reflecting the difference between the purchase price of $206.0 million and the net value of the assets and liabilities assessed.

Long-term debt went from $63.8 million in 1998 to $185.9 million in 1999, an increase of $122.1 million. As part of the acquisition of Silcorp, the Company renewed $45.0 million in existing credit and arranged for $145.0 million in new credit facilities, for a total of $190.0 million. As at April 25, 1999, an amount of $178.0 million had been used. The objective in structuring the financing of the Silcorp purchase in this way was to balance our financial structure as of the first day of the acquisition. Silcorp shareholders were thus offered up to 60% of the purchase price in cash and the balance in Class "B" subordinate voting shares of Couche-Tard. As at April 25, 1999, indebtedness was therefore quite acceptable, with a long-term debt/equity ratio of 1.01:1 and an interest-bearing debt/total capitalization ratio of 0.51:1. In the next few months, these ratios should improve rapidly because the capital expenditures will be financed directly by cash flow from operations rather than additional debt.

Interest-Bearing Debt/ Capitalization



As at April 25, 1999, **shareholders' equity** amounted to $184.5 million, up from $93.0 million a year earlier. This $91.5 million change was primarily a result of two factors:

- the issue of 4.2 million Class "B" subordinate voting shares of Couche-Tard (including 62,854 on June 2, 1999) as part of the acquisition of Silcorp for a total consideration of $79.9 million; and
- net earnings for the fiscal year.

The **book value** rose to $10.08 per share, compared with $6.61 for the previous year.

Liquidity and Capital Resources
(in thousands of dollars, except for ratio)

	As at 1999-04-25	As at 1998-04-26
Cash flow from operations	**23,549**	20,369
Working capital	**89**	3,308
Long-term debt	**185,931**	63,773
Interest-bearing debt	**192,654**	74,197
Interest-bearing debt/total capitalization	**0.51:1**	0.44:1
Shareholders' equity	**184,480**	92,993

Investments planned for 1999-2000

Couche-Tard plans to invest approximately $40 million during fiscal 1999-2000, financed directly by its cash flow from operations. This amount will be allocated as follows:

- about $20 million for store renovations and implementation of the new Strategy 2000 and Store 2000 concepts;
- some $12 million to develop the network through small acquisitions and new store construction in Eastern, Central and Western Canada; and
- the remainder for equipment and leasehold improvements in the normal course of business.

Year 2000 Compliance

Couche-Tard and Silcorp have finished adapting all the accounting and computer systems that support their networks. Several simulation tests have been conducted with satisfactory results, and further simulations will be completed in the coming months. Both companies have also asked their principal suppliers to provide confirmation of the Year 2000 compliance of their computer systems to ensure that there is no disruption in the store supply chain. Considering the assessment of the current situation and the plan adopted, the Company does not foresee any major problems arising from the transition to the Year 2000 and is confident that business will run as usual during and after the changeover. However, it cannot be absolutely sure that all aspects of this issue, including those with respect to suppliers and third parties, will be entirely resolved. Costs incurred thus far total $1.1 million, including those of Silcorp. Since the work is in substance finished, the Company does not anticipate any major outlays in this regard between now and the end of fiscal 1999-2000.

Outlook

While retaining a long-term corporate vision, Couche-Tard has always focused on innovation, training, high-quality decentralized management, real time management information, a micro-market approach, and a mix of products and services adapted to the markets it serves. It intends to resolutely maintain this focus in the future.

The Company's priorities are customer satisfaction, profit margins and business volume. Its expansion thus far has made it a leader while considerably reducing its risk of depending on any one geographic market and its vulnerability to price wars that might occur in one of its commercial niches in any given province. A diversified range of products and services and a large number of different suppliers also protect it against major setbacks due to a labour stoppage or any other serious difficulty experienced by its suppliers.

Fiscal 1999-2000 will be the year of the Silcorp integration and the new business concept. Considering the excellent level of its complementary expertise, Couche-Tard is in a good position to meet the challenges of integration and growth. Silcorp's contribution and the new store project should fuel major increases in sales and earnings during 1999-2000.

Richard Fortin

Executive Vice-President and Chief Financial Officer

Management's Report

M A N A G E M E N T ' S R E P O R T

The consolidated financial statements of Alimentation Couche-Tard Inc. and financial information contained in this Annual Report are the responsability of management. This responsability is based on a judicious choice of accounting procedures and principles, the application of which requires the informed judgment of management. The consolidated financial statements were prepared according to generally accepted accounting principles in Canada and were approved by the Board of Directors. In addition, the financial information included in the Annual Report is consistent with the consolidated financial statements.

Alimentation Couche-Tard Inc. maintains accounting and administrative control systems which, in the opinion of management, ensure reasonable accuracy, relevance and reliability of financial information and well-ordered, efficient management of the Company's affairs.

The Board of Directors is responsible for approving the consolidated financial statements included in this Annual Report, primarily through its Audit Committee. This Committee, which holds periodic meetings with members of management as well external auditors, reviewed the consolidated financial statements of Alimentation Couche-Tard Inc. and recommended their approval to the Board of Directors.

The enclosed consolidated financial statements were audited by Raymond Chabot Grant Thornton, Charteder Accountants, and their report indicates the extent of their audit and their opinion on the consolidated financial statements.

Alain Bouchard
Chairman of the Board,
President and Chief Executive Officer

Richard Fortin
Executive Vice-President
and Chief Financial Officer

Auditors' Report

A U D I T O R S ' R E P O R T

To the Shareholders of
Alimentation Couche-Tard Inc.

We have audited the consolidated balance sheets of Alimentation Couche-Tard Inc. as at April 25, 1999 and April 26, 1998 and the consolidated statements of earnings, retained earnings and changes in cash resources for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 25, 1999 and April 26, 1998 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Raymond Chabot Grant Thornton

General Partnership
Chartered Accountants

Laval
June 18, 1999

Consolidated Earnings

C O N S O L I D A T E D   E A R N I N G S

Years ended (in thousands of dollars)	**April 25, 1999**	April 26, 1998
Sales	**$917,068**	$792,656
Operating income	**33,981**	31,104
Depreciation and amortization (Note 4)	**9,693**	8,802
Financial expenses (Note 4)	**4,830**	6,622
	14,523	15,424
Earnings before income taxes	**19,458**	15,680
Income taxes (Note 5)	**7,978**	7,081
Net earnings	**11,480**	8,599
Earnings per share (Note 6)		

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Retained Earnings

C O N S O L I D A T E D   R E T A I N E D   E A R N I N G S

Years ended (in thousands of dollars)	**April 25, 1999**	April 26, 1998
Balance, beginning of year	**$22,061**	$14,599
Net earnings	**11,480**	8,599
	33,541	23,198
Share issue expenses (net of deferred income taxes of $81, $704 in 1998)	**121**	1,137
Balance, end of year	**33,420**	22,061

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Changes in Cash Resources

CONSOLIDATED CHANGES IN CASH RESOURCES

Years ended (in thousands of dollars)	April 25, 1999	April 26, 1998
OPERATIONS		
Net earnings	**$ 11,480**	$ 8,599
Non-cash items		
Depreciation and amortization	**9,693**	8,802
Loss (gain) on disposal of fixed assets and other assets	**375**	(166)
Deferred income taxes	**2,001**	1,245
Realization of tax benefit		1,889
	23,549	20,369
Changes in working capital items	**8,953**	(4,694)
Source of cash	**32,502**	15,675
FINANCING		
Long-term loans	**163,206**	90,000
Repayment of long-term debt	**(67,579)**	(28,933)
Issue of shares and warrants	**233**	44,016
Cash held in trust	**20,182**	(20,182)
Share issue expenses	**(202)**	(1,841)
Other liabilities	**1,065**	
Source of cash	**116,905**	83,060
INVESTMENT		
Business acquisitions (Note 3)	**(123,799)**	(83,835)
Fixed assets	**(20,855)**	(7,186)
Disposal of fixed assets	**130**	502
Other assets	**(3,483)**	(5,006)
Use of cash	**(148,007)**	(95,525)
Increase in cash	**1,400**	3,210
Bank indebtedness, beginning of year	**(555)**	(3,765)
Bank indebtedness assumed upon business acquisitions	**(7,230)**	
Bank indebtedness, end of year	**(6,385)**	(555)

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Balance Sheets

As at (in thousands of dollars)	**April 25, 1999**	April 26, 1998
ASSETS		
Current assets		
Accounts receivable	**$ 32,115**	$ 16,338
Inventory	**87,894**	29,557
Income taxes receivable		987
Deferred income taxes	**5,850**	
Prepaid expenses	**4,556**	1,969
	130,415	48,851
Fixed assets (Note 7)	**175,413**	94,380
Cash held in trust		20,182
Deferred income taxes	**135**	855
Goodwill, at amortized cost	**193,311**	38,566
Other assets (Note 8)	**13,760**	186
	513,034	203,020
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 9)	**6,385**	555
Accounts payable and accrued liabilities	**120,950**	35,119
Income taxes payable	**2,653**	
Instalments on long-term debt	**338**	9,869
	130,326	45,543
Long-term debt (Note 10)	**185,931**	63,773
Deferred credits and other liabilities (Note 11)	**12,297**	711
	328,554	110,027
SHAREHOLDERS' EQUITY		
Capital stock (Note 12)	**149,838**	49,528
Warrants (Note 13)		20,182
Contributed surplus	**1,222**	1,222
Retained earnings	**33,420**	22,061
	184,480	92,993
	513,034	203,020

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

Director

Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 25, 1999 and April 26, 1998
(amounts in tables are in thousands of dollars, except amounts per share)

1. GOVERNING STATUTES, NATURE OF OPERATIONS AND YEAR-END DATE

The Company, incorporated under Part 1A of the Companies Act (Québec), operates a network of convenience stores. The Company's year-end corresponds to the last Sunday of April of each fiscal year.

2. ACCOUNTING POLICIES

Accounting estimates

Since the Company prepares its financial statements in accordance with generally accepted accounting principles, it is required to make estimates and judgements affecting the amounts of assets and liabilities recorded, contingencies disclosed at the balance sheet date and the recognition of revenues and expenses for the year. In this respect, management has made the most appropriate estimates and judgements.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries:

- Magasins Couche-Tard Inc.
- Dépan-E$compte Couche-Tard Inc.
- C. Corp. Inc.
- C. Corp (Ontario) Inc.
- 9006-7141 Québec Inc.
- Les Immeubles Couche-Tard Inc.
- Actigaz Inc.
- Silcorp Limited (as at April 25, 1999 only) "Silcorp"

Inventory valuation

Inventory is valued at the lower of cost and net realizable value. Depending on products, cost is based on the average cost method or on the retail price less a normal gross margin.

Income taxes

The Company accounts for its income taxes on an interperiod tax allocation basis. Under this method, deferred income taxes are recorded in the financial statements to reflect temporary differences between items claimed for tax purposes and amounts recorded in the financial statements.

Fixed assets

Fixed assets are depreciated over their estimated useful lives according to the following methods, periods and annual rates:

	Methods	Rates and periods
Buildings and parking lots	Diminishing balance	5%
Leasehold improvements and petroleum infrastructure	Straight-line	7%
Equipment	Diminishing balance	15%
Signs	Diminishing balance	20%
Buildings under capital lease	Straight-line	Lease term not exceeding 30 years

Goodwill

Goodwill is amortized on a straight-line basis over periods not exceeding 40 years until 2039.

The Company reviews the carrying amount of goodwill annually according to an estimate of net earnings and current and future undiscounted cash flows in order to determine whether a writedown should be recorded.

Other assets

Financing costs are amortized on a straight-line basis over the period of the corresponding debt. Other deferred charges are amortized on a straight-line basis over 5 to 7 years.

Property held for resale is valued at the lower of cost and estimated realizable value.

Pension plan

Silcorp, one of the Company's subsidiaries, offers various defined benefit pension plans to its employees. Pension plan costs relating to current services are charged to earnings during the period in which the services were rendered. Past service costs and actuarial gains or losses not yet charged to earnings are amortized over the expected average remaining service life of the employees covered by the plans. As stated in notes 8 and 11, the difference between the contributions paid and the pension cost is included in the balance sheet as a deferred pension expense or a pension plan obligation. The pension plan assets are valued according to the average fair values for three years.

According to the most recent actuarial reports available, as at December 27, 1998 the present value of accrued pension benefits was $26,500,000. At the same date, the fair value of the net assets available to honour the commitments was $37,600,000.

Environmental costs

Allowances for site restoration costs represent the estimated future cost of ensuring that the soil and sub-soil meet government standards for sites under the Company's responsibility. The obligation is recognized on the earlier of the following dates: the date on which the contaminant is discovered or the date on which operations on the site are discontinued. The estimated amount of future restoration costs is reviewed regularly based on available information. Where the forecast restoration costs, less any amount to be recovered from third parties, exceeds existing provisions, an expense is recognized in the year during which the shortfall has been identified.

3. BUSINESS ACQUISITIONS

The following business combinations were recorded according to the purchase method for the years ended April 25, 1999 and April 26, 1998.

The results of operations of the companies acquired were included in the Company's consolidated financial statements beginning on the dates on which the acquisitions took effect.

Year ended April 25, 1999

On April 16, 1999, the Company acquired 98.27% of the outstanding shares of Silcorp following a takeover bid. The Company then availed itself of its right to acquire undeposited shares pursuant to the Ontario Business Corporations Act. The remaining Silcorp shares were acquired on June 2, 1999.

The total cost of the transaction, including the related expenses, is $205,998,000. This amount was paid in cash ($126,103,000) and through the issuance of 4,205,012 Class "B" subordinate voting shares of the Company.

Silcorp mainly operates, either directly or through concessions and franchises, a network of convenience stores under the following banners: Mac's, Mac's Plus, Mike's Mart, Beckers and The Daisy Mart in Ontario and Western Canada.

The preliminary allocation of the purchase price, which reflects an amount of approximately $153,772,000 attributed to goodwill, has been established based on available information and preliminary assessments. This amount could change as new information becomes available.

3. BUSINESS ACQUISITIONS (CONTINUED)

Year ended April 26, 1998

On May 18, 1997, the Company acquired all of the outstanding shares of C. Corp Inc. and C. Corp (Ontario) Inc. These companies operate a network of convenience stores under the Provi-Soir banner in Québec and the Wink's banner in Ontario and Western Canada.

This acquisition was made for a total cash consideration of $86,288,000.

The assets and liabilities acquired are detailed as follows:

	1999	1998
	$	$
Current assets	80,064	24,253
Fixed assets	68,681	56,903
Deferred income taxes	1,200	3,220
Tax benefit deductible from future income taxes	5,275	1,889
Goodwill	153,772	25,899
Other assets	7,484	2,421
	316,476	114,585
Current liabilities assumed	82,957	23,409
Long-term debt assumed	17,000	4,888
Other liabilities assumed	10,521	
	110,478	28,297
Net assets acquired (including acquisition costs)	205,998	86,288

The total consideration for the acquisitions is detailed as follows:

	1999	1998
Issuance of 4,142,158 Class "B" subordinate voting shares	78,701	
62,854 Class "B" subordinate voting shares to be issued (issued June 2, 1999)	1,194	
Cash payments		
Current year	123,799	83,835
Previous year		2,453
Subsequent year ($2,304,488 paid on June 2, 1999)	2,304	
	205,998	86,288

4. INFORMATION INCLUDED ON THE CONSOLIDATED STATEMENT OF EARNINGS

	1999	1998
	$	$
Depreciation and amortization		
Fixed assets	8,229	7,258
Goodwill	1,349	1,475
Other assets	115	69
	9,693	8,802
Financial expenses		
Interest on long-term debt	4,924	6,514
Interest on current liabilities	146	108
	5,070	6,622
Interest revenue	(240)	
	4,830	6,622

5. INCOME TAXES

	1999	1998
	$	$
Current income taxes	5,977	3,947
Deferred income taxes	2,001	1,245
Realization of tax benefit		1,889
	7,978	7,081

The principal items which resulted in differences between the Company's effective income tax rates and the combined statutory rates in Canada are detailed as follows:

	1999	1998
	%	%
Combined statutory rate in Canada[a]	38.80	41.48
Large corporations tax	0.31	1.17
Amortization of non-deductible goodwill and other permanent differences	1.89	2.51
Effective income tax rate	41.00	45.16

[a] The Company's combined statutory income tax rate includes the appropriate provincial tax rates.

As at April 25, 1999, the Company has non-capital losses totalling approximately $32 million which mature in 2006 and in respect of which no tax benefit has been recorded.

Moreover, deferred tax debits relating to temporary differences totalling approximately $10 million have not been recorded in the financial statements.

6. EARNINGS PER SHARE

Basic earnings per share are calculated according to the weighted average number of shares outstanding. The weighted average number of shares used to calculate undiluted earnings per share is 13,891,331 (11,526,754 in 1998).

Fully diluted earnings per share translate the maximum dilution that would have resulted from the exercising of stock options and warrants at the beginning of the year. A total of 14,950,228 shares were used to calculate fully diluted earnings (12,928,896 in 1998).

Earnings per share are detailed as follows:

	1999	1998
	$	$
Basic earnings per share	0.83	0.75
Fully diluted earnings per share	0.79	0.69

7. FIXED ASSETS

	1999		
	Cost	Accumulated depreciation	Net
	$	$	$
Land	20,740		20,740
Buildings	55,298	20,927	34,371
Parking lots	4,462	2,188	2,274
Leasehold improvements	45,293	11,583	33,710
Petroleum infrastructure	15,892	3,183	12,709
Equipment	121,017	54,000	67,017
Signs	8,270	5,610	2,660
	270,972	97,491	173,481
Buildings under capital lease	5,113	3,181	1,932
	276,085	100,672	175,413

	1998		
	Cost	Accumulated depreciation	Net
	$	$	$
Land	18,588		18,588
Buildings	51,848	19,367	32,481
Parking lots	4,340	2,091	2,249
Leasehold improvements	20,994	10,357	10,637
Petroleum infrastructure	8,578	2,502	6,076
Equipment	71,519	50,810	20,709
Signs	6,765	5,273	1,492
	182,632	90,400	92,232
Buildings under capital lease	5,113	2,965	2,148
	187,745	93,365	94,380

8. OTHER ASSETS

	1999	1998
	$	$
Deferred charges, at amortized cost	1,001	186
Property held for resale, at the estimated fair value	1,750	
Deferred pension expense	4,355	
Tax benefit deductible from future income taxes	5,275	
Other, at cost	1,379	
	13,760	186

9. BANK INDEBTEDNESS

The bank indebtedness includes the following credit facilities and cheques issued which have not been drawn against the credit facilities. In addition, it has been reduced by the amount of cash balances.

- The Company has a renewable operating credit in the amount of $25,000,000, which includes the same guarantees as the A, B and C credits (see note 10(a)) and bears interest at the prime rate plus 0% to 0.50% depending on whether certain financial ratios are achieved. The operating credit is also available in the form of bankers' acceptances for stamping fees of 0.75% to 1.5%, depending on whether certain financial ratios are achieved. As at April 25, 1999, an amount of $19,725,000 was available under this credit facility and the effective interest rate was 7.0%.
- Silcorp has a renewable operating credit of $15,000,000 which includes security in the form of present and future movable and immovable property and tangible and intangible assets. This operating credit bears interest at the prime rate or the bankers' acceptance rate plus 1.0%. As at April 25, 1999, an amount of $4,524,000 was available under this credit facility and the effective rate was 6.5%.

10. LONG-TERM DEBT

	1999 $	1998 $
Credit arrangement, maximum of $190,000,000[a]		
Credit A	**33,000**	
Credit B	**50,000**	
Credit C	**80,000**	
Term credit, maximum amount of $15,000,000[b]	**15,000**	
Mortgage loans secured by land and buildings, rates varying from 6.65% to 8.75%, payable in monthly instalments, maturing on various dates until 2005	**1,746**	2,787
Term credits, bankers' acceptance rate plus 1.75% to 3.75%		66,167
8% note payable on November 30, 2001	**2,000**	
Buildings under capital lease, rates varying between 10.70% and 13.07%, payable on various dates until 2018	**4,523**	4,688
	186,269	73,642
Instalments due within one year	**338**	9,869
	185,931	63,773

[a] Credit arrangement

Credit A
Revolving credit for a maximum amount of $60,000,000 maturing on April 30, 2002 and bearing interest at the prime rate plus 0.75% to 1.50% depending on whether certain financial ratios are achieved. This credit is also available in the form of bankers' acceptances for stamping fees of 1.75% to 2.50% depending on whether certain financial ratios are achieved. As at April 25, 1999, the effective rate was 7.32%.

Credit B
Term credit maturing on April 16, 2006 and bearing interest at the prime rate plus 2.75% or the bankers' acceptance rate for stamping fees of 3.75%. As at April 25, 1999, the effective rate was 8.69%.

Credit C
Term credit maturing on February 2, 2004 and payable as of May 1, 2000 as follows:

- 2001, 4 quarterly payments of $1,250,000;
- 2002, 4 quarterly payments of $2,500,000;
- 2003, 4 quarterly payments of $3,375,000;
- 2004, 3 quarterly payments of $5,000,000 with the balance being payable on February 2, 2004

This credit is available in the form of advances or bankers' acceptances at the same rate as credit A. As at April 25, 1999, the effective rate was 7.32%.

The operating credit (see Note 9) and the credits (A, B and C) are secured by a hypothec on the universality of the inventories and book debts of the Company and its subsidiaries, as well as by the shares of its subsidiaries.

An amount of $25,000,000 is subject to an interest rate swap to establish an annual effective bankers' acceptance rate of 5.25% until May 2004.

Under the credit arrangement, the Company has to satisfy certain commitments, including the maintenance of certain financial ratios.

[b] Silcorp

Silcorp has a term credit for a maximum amount of $15,000,000 which includes the same guarantees as its operating credit (see Note 9) and bears interest at the prime rate plus 0.75% or the bankers' acceptance rate for stamping fees of 1.50%.

Subsequent to year-end, this term credit was repaid out of the unused portion of the credit A and was cancelled.

The instalments on long-term debt for the next years are as follows:

	Obligations under capital leases $	Other loans $
2000	1,051	128
2001	1,057	5,125
2002	1,068	60,132
2003	1,067	15,140
2004	1,047	50,136
2005 and subsequent years	5,041	51,085
	10,331	
Interest expenses included in minimum lease payments	5,808	
	4,523	

11. DEFERRED CREDITS AND OTHER LIABILITIES

	1999 $	1998 $
Deferred revenue	**5,120**	711
Pension plan obligation	**5,315**	
Provision for site restoration costs	**1,862**	
	12,297	711

12. CAPITAL STOCK

Authorized
Unlimited number of shares without par value

First and second preferred shares issuable in series, ranking prior to other classes of shares with respect to dividends and payment of capital upon dissolution, non-voting. The Board of Directors is authorized to determine the designation, rights, privileges, conditions and restrictions relating to each series of shares prior to their issuance

Class "B" subordinate voting and participating shares, convertible automatically into Class "A" multiple voting shares on a share-for-share basis upon the occurrence of certain events.

Limited number of shares

Class "A" multiple voting and participating shares, ten votes per share except in situations where there is only one vote per share, convertible into Class "B" subordinate voting shares on a share-for-share basis at the holder's option. Under the articles of amendment, no new Class "A" multiple voting share can be issued.

The order of priority for the payment of dividends is as follows:

- First preferred shares;
- Second preferred shares;
- Class "B" subordinate voting shares and Class "A" multiple voting shares, ranking pari passu.

Issued and fully paid
The number of shares outstanding changed as follows:

	1999 Number of shares	1999 $	1998 Number of shares	1998 $
Class "A" multiple voting shares				
Balance, beginning of year	**7,156,597**	**12,062**	7,283,997	12,325
Issuance				
Stock options exercised for cash			50,000	37
Conversion into Class "B" subordinate shares			(177,400)	(300)
Balance, end of year	**7,156,597**	**12,062**	7,156,597	12,062
Class "B" subordinate voting shares				
Balance, beginning of year	**5,898,529**	**37,466**	3,811,235	12,963
Issuance				
Stock options exercised for cash	**31,500**	**233**	85,500	229
Warrants exercised	**1,009,091**	**20,182**	833,485	4,156
Conversion of Class "A" multiple voting shares			177,400	300
Other issuance for cash			990,909	19,818
Business acquisition	**4,142,158**	**78,701**		
	11,081,278	**136,582**	5,898,529	37,466
Total issued and fully paid		**148,644**		49,528
Shares to be issued (see Note 3)				
Class "B" subordinate voting shares	**62,854**	**1,194**	—	—
Total capital stock		**149,838**		49,528

12. CAPITAL STOCK (CONTINUED)

Stock options

On July 14, 1988, the Company implemented a stock option plan for its directors, officers and key employees (amended July 11 and November 25, 1994). Under this plan, the Board of Directors can grant options for a maximum of 10% of the total number of shares outstanding on the date that the option was granted.

The table below presents the changes in the number of stock options outstanding:

	1999	1998
	$	$
Balance, beginning of year	**836,500**	420,000
Granted	**80,000**	560,000
Options exercised	**(31,500)**	(135,500)
Cancelled	**(7,000)**	(8,000)
Balance, end of year	**878,000**	836,500

The table below presents the features of the stock options outstanding at year-end:

	Number of subordinate Class "B" shares covered by the options granted			
Date granted	April 25, 1999	April 26, 1998	Exercise price	Expiry date
			$	
July 11, 1994	244,000	244,000	1.79	July 11, 1999
November 25, 1994	2,000	3,000	2.32	November 25, 1999
March 10, 1995	4,000	12,000	3.40	March 10, 2000
June 26, 1996	4,000	7,500	6.35	April 26, 2001
August 28, 1996	25,000	25,000	7.75	August 28, 2001
May 23, 1997	449,000	475,000	9.64	May 23, 2002
November 18, 1997	10,000	10,000	11.21	November 18, 2002
January 12, 1998	50,000	50,000	11.21	January 12, 2003
March 17, 1998	10,000	10,000	20.42	March 17, 2003
June 23, 1998	65,000		18.65	June 23, 2003
February 17, 1999	15,000		18.91	February 17, 2004
	878,000	836,500		

13. WARRANTS

The table below presents the changes in the warrants:

	1999		1998	
	Number	**$**	Number	$
Balance, beginning of year	**1,009,091**	**20,182**	834,664[(a)]	406
Exercised	**(1,009,091)**	**(20,182)**	(833,485)	(405)
Cancelled			(1,179)	(1)
Issued			1,009,091[(b)]	20,182
Balance, end of year	—	—	1,009,091	20,182

(a) In 1995, the Company filed a prospectus for the issuance of 2,000,000 units. Units were composed of one Class "B" subordinate voting share and one-half of a warrant. The deadline for exercising warrants to receive Class "B" subordinate shares was December 31, 1997.

(b) On March 30, 1998, the Company filed a prospectus for the issuance of 2,000,000 Class "B" subordinate voting shares. In connection with this prospectus, the Company issued 990,909 Class "B" subordinate shares for a total cash consideration of $19,818,180 and the issuance of 1,009,091 special warrants for a total of $20,181,820. This amount was kept in trust until the special warrants were exercised. Each special warrant was to be automatically converted into one Class "B" subordinate voting share, at no additional cost, after the filing of a second prospectus to authorize the investment in provinces other than Québec. As at April 25, 1999, all warrants had been exercised.

14. ENVIRONMENT

The Company is subject to various federal, provincial and local legislation governing the storage, handling and sale of gasoline and related products. The Company considers that it is in substantial compliance with environmental legislation.

Silcorp, one of the Company's subsidiaries, considers that under its contractual obligations for the destruction of certain assets and tank replacement and improvement programs, the contaminants in the soil or sub-soil in certain sites exceeds amounts stipulated under existing standards. It has therefore undertaken an ongoing site testing and restoration program in cooperation with the regulatory authorities. Moreover, in connection with the closure of certain business locations, Silcorp is required to remove the gasoline sale facilities.

In order to provide for the above-mentioned restoration costs, the Company has recorded a $3,010,000 allowance for environmental costs as at April 25, 1999. Of this amount, $1,148,000 has been presented on a current basis.

15. FINANCIAL INSTRUMENTS

The following methods and assumptions were used to determine the estimated fair value of each class of primary financial instrument:

- The fair value of accounts receivable, bank indebtedness, accounts payable and accrued liabilities is comparable to the carrying amount thereof given that they will mature shortly
- There is no material difference between the fair value and the carrying amount of the Company's long-term debt as at April 25, 1999 and April 26, 1998 given that the largest loans bear interest at a floating rate

The fair value of the interest rate swap, as determined by the Company's bank based on quoted market prices for similar instruments at the balance sheet date, is $32,889.

16. CONTRACTUAL OBLIGATIONS

As at April 25, 1999, the Company has entered into lease agreements expiring on various dates until 2016 which call for the payment of $225,477,000 for the rental of commercial space and equipment. Several of these leases contain renewal options and some commercial space is subleased to franchise-holders. The minimum lease payments for the next five years are $48,033,000 in 2000, $40,373,000 in 2001, $33,626,000 in 2002, $26,325,000 in 2003 and $19,216,000 in 2004.

17. CONTINGENCIES

Various claims and legal proceedings have been initiated against the Company in the normal course of its operations. In management's opinion, these claims and proceedings are unfounded. Management estimates that any payments resulting from their outcome are not likely to have a substantial impact on the Company's results and financial position.

18. SEGMENTED INFORMATION

The Company essentially operates in one dominant segment, i.e. the sale of goods for immediate consumption and gasoline through corporate stores or franchise operations in Canada.

19. UNCERTAINTY RELATED TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. For the past two years, the Company has been implementing a plan to resolve the Year 2000 problem. An evaluation of third party preparedness with respect to the Year 2000 Issue is in progress. In spite of this, however, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Company, including those related to the efforts of customers, suppliers and other third parties, will be fully resolved.

20. COMPARATIVE FIGURES

The figures for the preceding year, shown for comparative purposes, have been reclassified to conform with the presentation adopted in the current year.

Officers

Alain Bouchard [1]
Chairman of the Board
President and Chief Executive Officer

Richard Fortin [1]
Executive Vice-President
and Chief Financial Officer

Réal Plourde [1]
Executive Vice-President
and Chief Operating Officer

Jacques D'Amours [1]
Vice-President, Administration

François Alepin [2][3]
Partner
Alepin Gauthier (law firm)

Rodrigue Biron [2]
Partner
Rodrigue Biron & Associates

Robert Brunet [3]
President
Socoro (Société conseil Robert Brunet)

Jean Élie
Managing Director,
Large Corporations and Investment Bank
Société Générale (CANADA)

Simon Sénécal [2][3]
Investment Advisor
Lévesque Beaubien Geoffrion Inc.

[1] Member of the Executive Committee
[2] Member of the Human Resources Committee
[3] Member of the Audit Committee

Direction

Alain Bouchard
Chairman of the Board
President and Chief Executive Officer

Richard Fortin
Executive Vice-President
and Chief Financial Officer

Réal Plourde
Executive Vice-President
and Chief Operating Officer

Yvan Bussières
Vice-President, Distribution

Jacques D'Amours
Vice-President, Administration

Jeffrey S. Faria
Vice-President,
Dairy Operations

Peter Flach
Vice-President,
Business Development

Stéphane Gonthier
Vice-President,
Eastern Canada Operations
and Secretary

Dale Pettit
Vice-President and Treasurer

David Rodgers
Vice-President,
Central Canada Operations

Kim Trowbridge
Vice-President,
Western Canada Operations

Corporate Information

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Montreal, Quebec H5B 1E4

For any additional information about
Alimentation Couche-Tard Inc.,
shareholders, investors and analysts
are requested to write to the
Public Affairs Department
at head office.
E-mail: info@couche-tard.qc.ca

Investor Relations:
Richard Fortin
Executive Vice-President and Chief Financial Officer

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
WILL BE HELD ON SEPTEMBER 21, 1999, AT 11:00 A.M.
AUDITORIUM OF THE MONTREAL EXCHANGE
TOUR DE LA BOURSE
800 VICTORIA SQUARE
4TH FLOOR
MONTREAL, QUEBEC

Couche-Tard